



Corporation Tax Act 2009

2009 CHAPTER 4

PART 4

PROPERTY INCOME

CHAPTER 3

PROFITS OF PROPERTY BUSINESSES: BASIC RULES

Charge to tax on profits of a property business

209 Charge to tax on profits of a property business

The charge to corporation tax on income applies to the profits of a property business.

Modifications etc. (not altering text)

C1 S. 209 modified (with effect in accordance with s. 148 of the amending Act) by [Finance Act 2012](#) (c. 14), s. 86(1) (with s. 147, Sch. 17)

Calculation of profits

210 Profits of a property business: application of trading income rules

- (1) The profits of a property business are calculated in the same way as the profits of a trade.
- (2) But the provisions of Part 3 (trading income) which apply as a result of subsection (1) are limited to the following—

In Chapter 3 (basic rules)—

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| section 46 | generally accepted accounting practice |
| section 47 | losses calculated on same basis as profits |
| section 48 | receipts and expenses |
| [^{F1} section 49A | money's worth] |
| section 52 | apportionment etc of profits and losses to accounting period |
| <i>In Chapter 4 (rules restricting deductions)—</i> | |
| section 53 | capital expenditure |
| section 54 | expenses not wholly and exclusively for trade and unconnected losses |
| section 55 | bad debts |
| sections 56 to [^{F2} 58B] | car ^{F3} ... hire |
| section 59 | patent royalties |
| <i>In Chapter 5 (rules allowing deductions)—</i> | |
| section 61 | pre-trading expenses |
| ^{F4} | ^{F4} |
| ... | ... |
| section 69 | payments for restrictive undertakings |
| sections 70 and 71 | seconded employees |
| section 72 | payroll deduction schemes: contributions to agents' expenses |
| sections 73 to 75 | counselling and retraining expenses |
| sections 76 to 81 | redundancy payments etc |
| sections 82 to 86 | contributions to local enterprise organisations or urban regeneration companies |
| [^{F5} sections 86A and 86B | contributions to flood and coastal erosion risk management projects] |
| sections 87 and 88 | scientific research |
| sections 89 and 90 | expenses connected with patents, designs and trade marks |
| section 91 | payments to Export Credits Guarantee Department |
| section 92 | levies under FISMA 2000 |
| [^{F6} section 92A | deductions in relation to salaried members of limited liability partnerships] |

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In Chapter 6 (receipts)—

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| section 93 | capital receipts |
| section 94 | debts incurred and later released |
| section 101 | distribution of assets of mutual concerns |
| section 102 | industrial development grants |
| section 103 | sums recovered under insurance policies etc |
| section 104 | repayments under FISMA 2000 |

In Chapter 7 (gifts to charities etc)—

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| section 108 | receipt of benefits by donor or connected person |
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In Chapter 9 (other specific trades)—

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| section 131 | incidental costs of issuing qualifying shares (building societies) |
| section 133 | annual payments paid by a credit union |

In Chapter 12 (deductions from profits)—

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| sections 172 to 175 | unremittable amounts |
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Textual Amendments

- F1** Words in s. 210(2) table inserted (with effect in accordance with s. 71(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 71\(6\)](#)
- F2** Figure in s. 210(2) substituted (with effect in accordance with Sch. 11 paras. 65-67 of the commencing Act) by [Finance Act 2009 \(c. 10\), Sch. 11 para. 52\(a\)](#)
- F3** Words in s. 210(2) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the commencing Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 11 para. 52\(b\)](#)
- F4** Words in s. 210(2) table omitted (with effect in accordance with s. 72(4)(5) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 72\(3\)](#)
- F5** Words in s. 210(2) table inserted (with effect in accordance with Sch. 5 para. 9 of the amending Act) by [Finance Act 2015 \(c. 11\), Sch. 5 para. 4](#)
- F6** Words in s. 210(2) table inserted (6.4.2014) by [Finance Act 2014 \(c. 26\), Sch. 17 paras. 4\(3\), 6](#)

211 Loan relationships and derivative contracts

- (1) The profits of a property business are calculated without regard to items giving rise to—
 - (a) credits or debits within Part 5 (loan relationships), or
 - (b) credits or debits within Part 7 (derivative contracts).
- (2) This section does not affect the width of the provision made by—
 - (a) section 464 (priority of Part 5 for corporation tax purposes), or
 - (b) section 699 (priority of Part 7 for corporation tax purposes).

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Modifications etc. (not altering text)

- C2** S. 211(1) restricted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), ss. 599\(3\), 1184\(1\)](#) (with [Sch. 2](#))

212 Items treated as receipts and expenses

The rules for calculating the profits of a property business need to be read with—

- (a) the provisions of CAA 2001 which treat allowances as expenses of a property business,
- (b) the provisions of CAA 2001 which treat charges as receipts of a property business, and
- (c) section 748 (credits and debits in respect of an intangible fixed asset held by a company for the purposes of a property business carried on by it treated as receipts and expenses of the business).

213 Certain amounts brought into account under Part 3

- (1) The rules for calculating the profits of a property business need to be read with the following provisions of Part 3 (trading income)—
 - (a) section 42 (tied premises),
 - (b) section 43 (caravan sites where trade carried on),
 - (c) section 44 (surplus business accommodation), and
 - (d) section 45(3) (payments for wayleaves).
- (2) Those provisions secure that amounts which would otherwise be brought into account in calculating the profits of the business are, or may be, brought into account instead in calculating the profits of a trade.

214 Relationship between rules prohibiting and allowing deductions

- (1) Any relevant permissive rule in this Part—
 - (a) has priority over any relevant prohibitive rule, but
 - (b) is subject to the following provisions—
 - (i) section 56 (car^{F7}... hire), as applied by section 210,
 - (ii) section 1288 (unpaid remuneration),
 - (iii) section 1290 (employee benefit contributions),
 - (iv) section 1304 (crime-related payments).
- [^{F8}(1A) But, if the relevant permissive rule would allow a deduction in calculating the profits of a trade in respect of an amount which arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements, that rule—
 - (a) does not have priority under subsection (1)(a), and
 - (b) is subject to any relevant prohibitive rule in this Part (and to the provisions mentioned in subsection (1)(b)).”, and]
- (2) In this section “any relevant permissive rule in this Part” means any provision of this Part (apart from sections 231 to 234) which allows a deduction in calculating the profits of a property business.

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(3) In this section “any relevant prohibitive rule”, in relation to any deduction, means any provision of this Part or Chapter 1 of Part 20 (apart from those mentioned in subsection (1)(b)) which might otherwise be read as—

- (a) prohibiting or deferring the deduction, or
- (b) restricting the amount of the deduction.

[^{F9}(3A) In this section “relevant tax avoidance arrangements” means arrangements—

- (a) to which the person carrying on the trade is a party, and
- (b) the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage (within the meaning of section 1139 of CTA 2010).

“Arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).]

(4) In this section any reference to any provision of this Part includes any provision applied by section 210.

Textual Amendments

- F7** Words in s. 214(1)(b)(i) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the commencing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 53](#)
- F8** S. 214(1A) inserted (with effect in accordance with s. 78(5)-(7) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 78\(4\)\(a\)](#)
- F9** S. 214(3A) inserted (with effect in accordance with s. 78(5)-(7) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 78\(4\)\(b\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)